

## Message Text

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PAGE 01 LISBON 01506 251226Z

ACTION EUR-12

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00  
DODE-00 INR-07 NSAE-00 PA-02 PRS-01 AID-05 EB-08  
TRSE-00 OMB-01 COME-00 SSO-00 NSCE-00 INRE-00 /063 W  
-----251231 042440 /20

O P 251136Z FEB 77

FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 0303

INFO USIA WASHDC PRIORITY

UNCLAS LISBON 1506

SECSTATE EUR PASS AMBASSADOR CARLUCCI  
USIA FOR IOP/M, IEU/MCLAUGHLIN, IBS/PE/HAUSEMAN

E.O. 11652: N/A

TAGS: SOPN, PO, US

SUBJ: MEDIA REACTION - U.S. CONSORTIUM LOAN CONTRIBUTION

REF: LISBON 1497

SUMMARY: CONTINUING HEAVY MEDIA PLAY ON ADMINISTRATION  
REQUEST FOR \$550 MILLION CONTRIBUTION TO "CONSORTIUM LOAN"  
TO PORTUGAL EMPHASIZED AMBASSADOR CARLUCCI'S RETURN TO WASHINGTON  
TO TESTIFY IN FAVOR OF REQUEST. OTHER PRINCIPAL THEME WAS  
THAT REQUEST FOR SUM IN FY 78 INSTEAD OF IN AN FY 77 SUPPLE-  
MENTAL APPROPRIATION WOULD RESULT IN LITTLE DELAY IN TERMS  
OF FUNDS AVAILABILITY. END SUMMARY.

1. FEB 24-25 MEDIA COVERAGE CONTINUED EXTREMELY HEAVY ON  
SUBJECT, BUT IN STRONGLY POSITIVE TERMS. STATE TV PRIME-TIME  
EVENING NEWSCAST FEB 24 SHOWED STILL PHOTO OF AMBASSADOR  
AT AIRPORT AND STATED HE HAD GONE TO WASHINGTON TO TESTIFY IN  
FAVOR OF THE CONSORTIUM LOAN. THIS LINE WAS PLAYED PRIMINENTLY  
IN THE FEB 25 PRESS, WITH MOST PAPERS CITING EMBASSY NOTE TO  
PRESS AND AMBASSADOR'S DEPARTURE STATEMENTS. PRO-GOVERN-  
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PAGE 02 LISBON 01506 251226Z

MENT "DIARIO DE NOTICIAS" PAGE 2 REPORT WAS HEADLINED,  
"BEFORE U.S. CONGRESS: CARLUCCI WILL DEFEND LOAN TO POR-  
TUGAL." "DIARIO DE NOTICIAS" QUOTED AMBASSADOR AS SAYING HE  
WAS "PLEASED" THAT CONGRESS WAS GIVING "QUICK" CONSIDERATION  
TO THE ADMINISTRATION PROPOSAL FOR THE PORTUGUESE LOAN AND  
THAT THIS, "IN ITSELF, IS A GOOD SIGN." PAGE 2 HEADLINE IN  
FEB 25 CENTER-RIGHT "O DIA" WAS: "BEFORE CONGRESSIONAL

COMMITTEES: CARLUCCI WILL DEFEND U.S. LOAN TO PORTUGAL."  
CENTER-RIGHT "JORNAL NOVO" OF FEB 24 REFERRED TO CARLUCCI  
AS "A SERIOUS DEFENDER" OF THE LOAN.

2. MANY HEADLINES AND EXTENSIVE TEXT MATERIALS WERE  
DEVOTED TO CORRECTING EARLIER REPORTS WHICH INDICATED  
THAT THE U.S. CONSORTIUM LOAN CONTRIBUTION WOULD BE  
DELAYED. MOST REPORTS INCLUDED LENGTHY EXPLANATIONS ABOUT  
U.S. FISCAL YEARS AND HOW U.S. CONGRESSIONAL APPROPRIATIONS  
ARE HANDLED. SAMPLE FEB 24 AFTERNOON PAPER HEADLINES TO  
THIS EFFECT: "JORNAL NOVO" (FRONT PAGE) -- "AMERICAN LOAN  
IS PROGRAMMED; DELAY NEEDED FOR TIME TO NEGOTIATE";  
CENTER-LEFT "DIARIO POPULAR" (PAGE 6) -- "GOVERNMENT'S  
INTERPRETATION: DELAY IN AMERICAN LOAN IS A TECHNICAL  
MEASURE"; PRO-SOCIALIST PARTY "A LUTA" (FRONT PAGE) --  
"THERE IS NO EFFECTIVE DELAY IN IMF LOAN TO PORTUGAL";  
CENTER "A CAPITAL" (FRONT PAGE TWO-LINE BANNER) -- "AME-  
RICANS COULD STRENGTHEN LOAN TO PORTUGAL" (GIST OF ARTICLE  
IS THAT ADMINISTRATION AND AMBASSADOR CARLUCCI ARE  
STRONGLY BACKING LOAN REQUEST BEFORE CONGRESS). WEEKLY  
LEFTIST "O JORNAL" OF FEB 25 LEAD FRONT-PAGE "TICKLER"  
IS PHOTO OF PRIME MINISTER SOARES LOOKING TOWARD A SMILING  
CARTER WITH OUTSTRETCHED ARMS; LARGE HEADLINE READS: "SOARES  
CAN COUNT ON CARTER'S DOLLARS". PAGE 9 "O JORNAL" ANALYSIS  
WAS CARRIED UNDER HEADLINE, "AMERICAN LOAN: POSTPONEMENT  
FAVORS SOCIALIST GOVERNMENT". ARTICLE LEAD STATES THAT  
CONTRARY TO IMPRESSION A HURRIED READING OF THE  
BUDGET REQUEST MIGHT GIVE, THE MESSAGE TO CONGRESS SHOWS  
THAT THE U.S. IS MAINTAINING ITS POSITION OF "CONTINUING  
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PAGE 03 LISBON 01506 251226Z

HELP" TO PORTUGAL AND THE GOVERNMENT OF MARION SOARES.

3. SOUR NOTES: FRONT-PAGE ARTICLE IN WEEKLY PRO-PSD  
"EXPRESSO CONTINUED THAT PAPER'S EARLIER NEGATIVE APPROACH ON  
U.S. LOANS. HEADLINE WAS, "DELAY IN U.S. LOAN WILL PROVOKE  
(FOREIGN) EXCHANGE DIFFICULTIES." ARTICLE SAID BUDGET  
APPROVAL PROCEDURES WOULD RESULT IN THREE MONTHS' DELAY IN  
AVAILABILITY OF U.S. LOAN AND THAT THIS "WILL HAVE DELICATE  
CONSEQUENCES FOR OUR COUNTRY IN TERMS OF ITS FOREIGN EXCHANGE  
BALANCE." ARTICLE SAID PORTUGAL WOULD HAVE TO SELL GOLD RESERVES.  
IT ALSO LINKED SIGNING OF RARET CONTRACT, ANNOUNCED BY  
RFE IN WASHINGTON AND REPORTED IN LISBON LATE FEB 24,  
WITH "THE CONDITIONS, THE EXISTENCE OF WHICH SOME GOVERN-  
MENT MEMBERS PERSIST IN DENYING, FOR THE CONCESSION OF  
LOANS ..." "EXPRESSO" HAD INTERVIEWED PARTY  
LEADERS ABOUT CONSORTIUM LOAN PROCESS IN U.S., AND GOT  
MIXED BAG OF RESPONSES: CDS LEADER BASILIO HORTA SAID  
ANY DELAY WOULD BE DUE TO "BASICALLY TECHNICAL" FACTORS  
AND THAT CARTER ADMINISTRATION HAD "COMMITTED ITSELF

TO MAKE THE LOAN," THIS BEING A "POSITIVE FACTOR." SOCIALIST  
HERLANDER ESTRELA ALSO SAID "WHAT IS POSITIVE IN THE NEWS IS  
THE CONFIRMATION THAT THE LOAN WILL BE MADE". SOCIAL  
DEMOCRAT ALFREDO DE SOUSA GOT THE MOST SPACE FOR A  
LENGTHY STATEMENT HINGING ON HIS CONVICTION THAT THE "DELAY"  
IN THE APPROPRIATION WAS DUE NOT TO FISCAL-YEAR CONSIDER-  
ATIONS BUT TO U.S. ADMINISTRATION "TIME TO EVALUATE BETTER  
THE CAPABILITY OF THE MINORITY CONSTITUTIONAL GOVERNMENT  
TO CARRY OUT AN (EFFECTIVE) ECONOMIC POLICY..."  
COMMUNIST "O DIARIO" FEB 25 FRONT-PAGE HEADLINE WAS  
"HOWEVER DIFFICULT IT IS FOR THE GOVERNMENT: DELAY IN LOAN  
IS POLITICAL AND NOT "TECHNICAL".  
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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, LOANS  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
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**Retention:** 0  
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**Review Withdrawn Fields:** n/a  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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22 May 2009  
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